GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2926
ANSWERED ON:07.12.2001
INFLATION RATE
BRAHMANAND MANDAL

Will the Minister of FINANCE be pleased to state:

(a) Whether the rate of inflation is declining constantly;

(b) Whether in view of the economic recession inflation rate is likely to decline further; and

(c) If so, the steps taken by the Government to contain the inflation rate?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) Starting with an over 5% annual point to point inflation rate (based on Wholesale Price Index) at the beginning of the current fiscal year, there was a gradual decline in the inflation rate which reached a low of 2.4% by mid November 2001.

(b) Last year`s rise in inflation was triggered by an increase in the energy prices (petroleum and electricity) in response to the rise in international prices of crude oil. If international crude oil prices continue to remain subdued, there is likely to be less pressure on domestic inflation rate despite prices of primary products having registered an inflation rate of 3.8%.

(c) Government has been following an effective supply management policy to ensure adequate availability of essential commodities of mass consumption at reasonable prices. It has also adopted measures on the demand side to control inflationary pressures. These include bringing about greater fiscal discipline, and regular monitoring of monetised deficit and broad money (M3) growth.